

Econ 3610: International Trade
Spring 2022
Syllabus

Lecture Schedule: Fri 8:30AM - 11:15AM, Jan 14-Apr 22, Esther Lee Bldg LT1

Zoom Meeting:

<https://cuhk.zoom.us/j/95246818908?pwd=ZXFyZU8rYWl5diswRXhFZXNLZ1NQQT09>

Meeting ID: 952 4681 8908

Passcode: 768257

Instructor: Liugang Sheng
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Office hours: Friday, 2 pm –3 pm.

Teaching Assistants: Danfeng Cao
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Office hours: Mon 2:30-3:30pm

Yijiang Zhou
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Office: ELB 1016
Office hours: Wed 11 am – 12 pm

Please make appointment first and meet in offices or on zoom

Course Website: *Blackboard in CUSIS*

Course Description:

This class is an introduction to (1) theories of trade, including Ricardian and Heckscher-Ohlin's classical trade theory on comparative advantage, Krugman's New Trade theory on scale economies, and Melitz's New New Trade theory on heterogeneous firms, and (2) trade policies, including policy instruments, political economy of trade policy, and world trade arrangements. We will particularly discuss the trade war between the U.S. and China.

Prerequisite: ECON2011 Basic Microeconomics.

Textbook: P. R. Krugman, M. Obstfeld, and M. J. Melitz, *International Economics: Theory & Policy*, 11th ed., 2018, Pearson Addison Wesley.

Reference: R. C. Feenstra and A. M. Taylor, *International Trade*, 3rd ed., 2014, Worth Publishers.

Liugang Sheng and Hongyan Zhao, *Changes in the China-U.S. Economic Relations (中美经贸变局)*, in Chinese, 2020, Peking University Press.

Learning Outcomes:

After completing this course, the students are expected to:

1. Acquire knowledge in theoretical and empirical analysis of international trade;
2. Develop skills in theoretic modeling and empirical analysis of trade;
3. Understand the trade policy and trade conflicts.

Attendance

Please attend the regular class and any announcement in the class is formal, you should take the responsibility if you miss the lecture. If you have to attend the class through the zoom, please email me and the TA first for the reasons and supporting documents.

Academic Honesty

For guidelines on academic honesty, students are referred to Honesty on Academic Work: A Guide for Students and Teachers at the following URL:

<http://www.cuhk.edu.hk/policy/academichonesty/>

Lecture Schedule:

| Date | Lecture | Outline | Ch. |
|--------|---------|--|----------|
| Jan 14 | 1 | Introduction and Overview of World Trade | 1/2 |
| Jan 21 | 2 | The Ricardian Model | 3 |
| Jan 28 | 3 | Specific Factors and Income Distribution | 4 |
| Feb 4 | | HOLIDAY (NO CLASS) | |
| Feb 12 | 4 | The Heckscher-Ohlin Model | 5 |
| Feb 18 | 5 | The Standard Trade Model | 6 |
| Feb 25 | 6 | External Economies of Scale | 7 |
| Mar 4 | 7 | The Krugman Model | 8 |
| Mar 11 | 8 | Firms in global Economy | 8 |
| Mar 18 | 9 | Trade Policy | 9 |
| Mar 25 | 10 | The Political Economy of Trade Policy | 10/11/12 |
| Apr 1 | | Reading week | |
| Apr 8 | | Reading week | |
| Apr 15 | | HOLIDAY (NO CLASS) | |
| Apr 22 | 11 | The US-China Trade War | PPT |
| TBA | | Final Exam | |

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|--------------------|----------------|-----|
| <i>Evaluation:</i> | Assignments | 25% |
| | Project report | 25% |
| | Final Exam | 50% |

Project report on international trade:

You can choose a topic related to international trade and write a report on it. The project can be related to a trade phenomenon or trade policy implemented or currently under consideration. Below I listed a few examples but you can choose other interesting topics.

- The impact of US trade protectionism since 2018
- The RCEP and its impacts on regional economy
- The slowbalization since the global financial crisis
- The China trade shock
- The Brexit
- One country's trade profile, i.e., North Korea

The deadline of report submission is 5pm on May 15, 2022. The report should be between 10-12 pages in length (including tables, figures, and references).

Format: font: Times New Roman; font size: 12 points; margins: 1 inch all around; spacing: 0pt before, 0pt after, double line spacing.

Course Policy:

- You will get zero grade for homework if you copy the solution directly.
- Exams will be cumulative.
- A request of assignment or exam regrading should first go to the teaching assistant with written justification, within one week from the day that the assignment or exam is graded and returned to the class. In that case, we reserve the right to regrade the entire assignment or exam, which may result in either an increase or a decrease in the grade.
- No late assignment and no make-up or earlier exams will be given (unless the University approved reasons).
- Dishonesty in assignments and exams will receive grade “F” for this course.
- The grade distribution follows the university guideline.
- No changes to any scores recorded in CUSIS will be made for any reason after the final exam is taken.

Grade description

| Grade | Description |
|--------------|--|
| A | Outstanding performance on all learning outcomes. |
| A- | Generally outstanding performance on all (or almost all) learning outcomes. |
| B | Substantial performance on all learning outcomes, or high performance on some learning outcomes which compensates for less satisfactory performance on others, resulting in overall substantial performance. |

| Grade | Description |
|--------------|--|
| C | Satisfactory performance on the majority of learning outcomes, possibly with a few weaknesses. |
| D | Barely satisfactory performance on a number of learning outcomes. |
| F | Unsatisfactory performance on a number of learning outcomes, OR failure to meet specified assessment requirements. |

***The instructor reserves the right to make revisions to the syllabus. ***